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DEFENSE BUDGET APPROVED; MAY EXCEED '1 PERCENT'

OW180439 Tokyo KYODO in English 0425 GMT 18 Sep 85

[Text] Tokyo, Sept. 18 KYODO -- The government agreed Wednesday to set Japan's defense spending at 18.4 trillion over the next five years while renewing a pledge to maintain an "exclusively defensive" policy. The decision immediately triggered criticism from all major opposition parties, and set the stage for a political confrontation when the Diet resumes for business next month.

The agreement emerged from an all-night bargaining session at the prime minister's official residence that pitted Finance Minister Noboru Takeshita against Defense Agency Chief Koichi Kato. The cabinet of Prime Minister Yasuhiro Nakasone is expected to formally endorse the defense outlays projection in a special meeting Wednesday after the plan is approved by the National Defense Council.

A joint session of cabinet ministers and the executive board of the ruling Liberal-Democratic Party (LDP) held Wednesday morning cleared the defense plan while pledging not to turn Japan into a major military power. The meeting, chaired by Nakasone and attended by six cabinet ministers together with the LDP's executive board members, also pledged to uphold Japan's basic "exclusively defensive" military posture.

The amount of projected defense outlays is the centerpiece of a new five-year plan which sets forth the government's defense policy and military buildup. The 18.4 trillion yen appropriations estimate includes 4.75 trillion yen for military procurement and 6.05 trillion yen for logistics, government sources said. However, the biggest item in the proposed expenditure is for personnel costs and provisions, which were put at 7.6 trillion yen, the sources said.

The Defense Agency is reportedly unhappy about the defense outlays target, and sources in the defense establishment said the agency may be forced to review major defense objectives, including protection of Japan's vital sea-lanes. The Defense Agency originally put forward a 19.3 trillion yen bill for the 1986-90 military buildup program. At 18.4 trillion yen, the cost of Japan's defense outlays is expected to top the 1976 government guideline of holding annual defense budgets at below 1 percent of gross national product (GNP). One estimate cited by government and LDP officials puts the projected defense outlays at 1.04 percent of GNP according to the forecast growth of Japan's economy for the 1986-90 period.

While the government is committed to abiding by the "1 percent" rule, officials have sought to divorce the spendings set in the new defense plan from the 1976 guideline. The 1976 cabinet decision "involves the relationship between single-year GNP calculations and defense expenditure," Kato responded when asked by reporters about prospects that the "1 percent" rule would be breached under the new five-year defense plan. Kato also said the government would "keep (the 1 percent rule) in mind" when setting forth the annual defense budgets.

Chief Cabinet Secretary Takao Fujinami, the government's principal spokesman, however, sounded more committed to the "1 percent rule" in his regular news conference Wednesday morning. "All successive cabinets have upheld the 1976 cabinet decision. This is something important and we will keep it in mind and make as much effort as possible" to uphold it, he said. The new defense plan replaces an internal Defense Agency procurement program, giving the Defense Agency more political clout in negotiating future budget appropriations.

Nakasone Comments on Budget

OW181119 Tokyo KYODO in English 1002 GMT 18 Sep 85

[Text] Tokyo, Sept. 18 KYODO -- Prime Minister Yasuhiro Nakasone said Wednesday he believes that, with its new five-year defense plan, Japan can bear its international responsibility in defense affairs. In his comment on the new 18.4 trillion yen plan, decided earlier in the day, Nakasone said he expects the U.S. to rate is highly.

At the same time, however, he admitted that it is now very difficult to hold Japan's defense spending down below 1 percent of the nation's gross national product (GNP) under a 1976 government decision, and there still exist elements of uncertainty related to the final level of defense spending. As one such element, he cited wage increases for defense personnel to be recommended by the National Personnel Authority. But, under any circumstance, Nakasone said, the government will respect the spirit of the 1-percent-of-GNP defense ceiling, adopted under the government of Prime Minister Takeo Miki.

Nakasone said though the new five-year plan does not touch on the defense ceiling, the government will make utmost efforts to abide by the defense spending limit in compiling the fiscal 1986 budget and the 1987 budget. On the possibility that defense spending may exceed the ceiling of 1 percent of GNP even in the current fiscal year, Nakasone said it is difficult to speculate, because of uncertain elements such as the wage increase recommendation. Nakasone said the new five-year plan is aimed at achieving defense levels envisioned under the 1976 national defense program outline and making a proper buildup fit to the modern scientific era.

BUSH, DSP'S TSUKAMOTO DISCUSS DEFENSE, TRADE

OW170233 Tokyo KYODO in English 0205 GMT 17 Sep 85

[Text] Washington, Sept. 16 KYODO -- U.S. Vice President George Bush met a Japanese opposition leader Monday and pressed Japan to share more of its defense burden and to open its markets wider. Bush told Saburo Tsukamoto, chairman of the Democratic Socialist Party (DSP), that the huge U.S. financial deficit stems mainly from its heavy military spending. In a 40-minute meeting with the leader of Japan's No. 3 opposition party, Bush said the U.S. military spending is useful to the free world. DSP officials quoted Bush as saying the United States would be happy if Japan would contribute more.

After the meeting, Tsukamoto met reporters and said he had had a frank talk with the American officials and that he was ready to help the Japanese Government promote Japan-U.S. friendship. Tsukamoto's 13-day U.S. tour began September 10, and included meetings with Secretary of State George Shultz, Secretary of Defense Caspar Weinberger and chief trade negotiator Clayton Yeutter last week.

Bush gave Tsukamoto a message for Prime Minister Yasuhiro Nakasone urging the premier to recognize and understand the mounting protectionist sentiment in the U.S. Congress, the officials said. Bush asked Nakasone to continue efforts to open Japanese markets to foreign competition. Tsukamoto, who heads a middle-of-the-road party, told the vice president Japan is ready to expand domestic demand and to increase imports.

President Ronald Reagan is opposed to trade protectionism, import quotas or import surcharges, but needs to counter unfair trade practices, Bush was quoted as saying. Tsukamoto blamed the rise in the value of the U.S. dollar for the huge trade imbalance in Japan's favor. Bush countered that Japan should take monetary action to encourage the international use of the yen, DSP officials said.

POSTAL OFFICIAL REBUTS U.S. SENATE ACTION

OW180625 Tokyo KYODO in English 0609 GMT 18 Sep 85

[Text] Tokyo, Sept. 18 KYODO -- A senior Posts and Telecommunications Ministry official Wednesday rebutted the approval of a retaliatory telecommunications bill by the U.S. Senate Finance Committee, saying Japan's telecom market is sufficiently open to foreign competition. The official, who wanted to remain anonymous, said, "the bill, if chiefly aimed against Japan, would have no effect on Japan."

The committee approved a bill aimed at Japan and other U.S. trading partners to open their telecom markets by threatening retaliation. Before approving the bill, sponsored by John Danforth (R-Mo.), it revised part of it to single out Japan, leaving other target countries unspecified. The official said the committee action had been expected, adding the problem is what action the U.S. Government will take. But he said the U.S. congressional action would have no immediate adverse effect on a series of coming Japan-U.S. telecom consultations. There is general agreement between the Japanese and U.S. Governments that there is no major problem remaining unsolved between them regarding telecommunications, he said. He said, however, that Japan will carefully note any comment by U.S. Government officials in the forthcoming talks.

YEUTTER, NTT PRESIDENT DISCUSS SWITCHING SYSTEMS

OW180125 Tokyo KYODO in English 0109 GMT 18 Sep 85

[Text] Washington, Sept. 17 KYODO -- The visiting president of Japan's Nippon Telegraph and Telephone corp. (NTT) told U.S. Trade Representative Clayton Yeutter Tuesday that NTT is considering purchasing American digital switching systems. Hisashi Shinto said during a 30-minute meeting with Yeutter that technical problems involving the use of the equipment in Japan have been almost settled, adding that NTT will soon begin price negotiations with U.S. manufacturers, NTT officials said. Shinto told Yeutter that prices of U.S. digital switching systems are "a bit high" but that NTT will make a final decision taking the dollar's future exchange rate into account, the officials said.

Shinto is here to attend seminars aimed at publicizing NTT, which became a private company last April. NTT is trying to increase communications equipment imports from the United States to help reduce Japan's ballooning bilateral trade surplus. He is scheduled to meet U.S. lawmakers Wednesday and Thursday, including Senator John Danforth (R., Mo.), who is sponsoring a bill designed to force Japan and other countries to open their telecommunications markets to U.S. products.

SOVIET FOREIGN MINISTER TO VISIT NEXT YEAR

OW170643 Tokyo KYODO in English 0634 GMT 17 Sep 85

[Text] Nagasaki, Sept. 17 KYODO -- Soviet Deputy Foreign Minister Mikhail Kapitsa has told the mayor of Nagasaki, Hitoshi Motoshima, that Foreign Minister Eduard Shevardnadze will visit Japan in a year's time, the mayor said Tuesday.

Motoshima told reporters Kapitsa made the statement in a meeting in Moscow last Saturday. Motoshima visited Moscow on his way back from a visit to the Vatican where he attended an anti-nuclear meeting. In Moscow he attended an international book fair Friday and delivered a speech calling for abolition of nuclear arms.

HUNGARIAN PREMIER LAZAR ARRIVES IN TOKYO

OW170355 Tokyo KYODO in English 0348 GMT 17 Sep 85

[Text] Tokyo, Sept. 17 KYODO -- Hungarian President [as received] Gyorgy Lazar arrived Tuesday on an official visit for talks with Japanese Government leaders. Lazar, who is staying until Friday, is the first Hungarian premier to visit Japan since the restoration of diplomatic ties between the two countries in 1959. He is to meet Prime Minister Yasuhiro Nakasone and Foreign Minister Shintaro Abe Tuesday afternoon for talks which are expected to cover economic and technical cooperation and other bilateral issues as well as an exchange of views on U.S.-Soviet arms talks.

Meets Nakasone, Abe

OW171045 Tokyo KYODO in English 1009 GMT 17 Sep 85

[Text] Tokyo, Sept. 17 KYODO -- Prime Minister Yasuhiro Nakasone said Tuesday Japan will grant preferential duties to Hungarian products starting in the next fiscal year to help promote bilateral economic relations. Nakasone made the statement in an hour-long meeting with Hungarian Premier Gyorgy Lazar, a Japanese Government spokesman said.

The spokesman said Japanese Government officials are currently working on a generalized system of preferences (GSP) for Hungary, which is experimenting with a Western-style market economic program. Hungary, the Japanese official said, is anxious to export meat and other agricultural and industrial products by taking advantage of the proposed GSP. He indicated that Japan will implement the GSP for Hungary next April, the start of fiscal 1986.

Basic agreement on holding the fifth Japan-Hungary economic mixed committee meeting later this year also emerged during the meeting between Nakasone and Lazar, who arrived in Tokyo earlier Tuesday on a four-day visit, the first by a Hungarian premier. The mixed committee meeting, a follow-up to the previous conference in Tokyo in April 1982, will be held in Budapest under a 1975 trade pact, officials said.

The Hungarian premier emphasized during his talks with Nakasone that his country, a member of the Soviet Union-led Warsaw Pact, is opposed to militarization of outer space, including the United States' Strategic Defense Initiative (SDI), they said. Nakasone replied that he understands President Ronald Reagan's explanation that the SDI is aimed at abolishing nuclear weapons from the earth, a stance he originally took after his January 2 meeting with the U.S. President, the Japanese official said. Lazar told Nakasone Hungary welcomes the forthcoming summit between Reagan and Soviet leader Mikhail Gorbachev in Geneva in November "with guarded optimism."

The visiting premier also requested Japanese cooperation in promoting industry and technology to make Hungarian products more competitive and proposed mutual abolition of visas, according to the Japanese officials. Nakasone explained to Lazar that Japan is making efforts to promote cultural and economic ties with the Soviet Union despite a territorial dispute over four Soviet-held islands off Hokkaido.

In a separate meeting with Foreign Minister Shintaro Abe at a Tokyo otel where he is staying, Lazar noted that Hungary's external trade with countries other than member states of the Council for Mutual Economic Assistance (Comecon) accounts for 40 percent. The Hungarian premier also said through an interpreter that his country is seeking closer economic relations with Japan and other countries despite its political and economic "integration" with the Soviet-led Eastern camp, a Japanese Foreign Ministry official said.

The official said Lazar conveyed to Abe an official Hungarian invitation to Crown Prince Akihito to visit Hungary. Lazar gave a similar invitation to Nakasone in person. On Wednesday, Lazar will be received in audience by Emperor Hirohito, who will host a luncheon in his honor, and confer with International Trade and Industry Minister Keijiro Murata in the afternoon.

7-YEAR, Y10 TRILLION FOREIGN AID PLAN ANNOUNCED

OW180341 Tokyo KYODO in English 0306 GMT 18 Sep 85

[Text] Tokyo, Sept. 18 KYODO -- The Japanese Government on Wednesday released a new seven-year, 10 trillion yen Official Development Assistance (ODA) program which is to start next year despite an overall budgetary squeeze. Foreign Minister Shintaro Abe told a news conference he will announce Japan's new ODA program in his speech to the United Nations General Assembly on September 24. Abe will also explain the ODA plan to U.S. Secretary of State George P. Shultz, along with the defense program and market-opening efforts, in their meeting in New York September 26, a Foreign Ministry official said.

Another Foreign Ministry official said the new ODA plan calls for doubling of Japan's ODA from this year's projected level of 4 billion dollars over a seven-year period from 1986. The official predicted that Japan's ODA will grow by at least 10 percent annually during the seven years and accumulative ODA will amount to 10 trillion yen or 40 billion dollars at current exchange rates.

A private panel of advisers to the foreign minister will come up with recommendations shortly for a qualitative improvement in the nation's ODA, the official said. If the new seven-year ODA program proceeds as smoothly as planned, annual ODA in relation to the nation's gross national product (GNP) will account for 0.42 percent of GNP in 1992, compared to 0.35 percent in 1984 and a projected 0.33 percent this year.

IRAN RELEASES TANKER, CREW DETAINED 4 SEP

OW180147 Tokyo KYODO in English 0135 GMT 18 Sep 85

[Text] Tokyo, Sept. 18 KYODO -- Twenty-six Japanese crewmen aboard the Kuwait-registered tanker "Al Wattyah" which was seized by the Iranian Navy on September 4 were released Tuesday, Mitsui O.S.K. Lines said. The Iranian authorities seized the boat within Oman territorial waters at the entrance of the Strait of Hormuz in the Persian Gulf. Captain Yuzo Akutagawa and the tanker's other 25 crewmen are all safe, the company said. The crewmen boarded the tanker again Tuesday and left an Iranian port to head for Dubai in the United Arab Emirates.

DPRK SUBMITS DRAFT AGREEMENT AT N-S ECONOMIC TALKS

SK180800 Pyongyang Domestic Service in Korean 0314 GMT 18 Sep 85

[Text] The fourth round of the North-South economic talks to discuss the problem of realizing collaboration and exchange between the North and the South in the economic field were held today at the conference room of the Neutral Nations Supervisory Commission in Panmunjom.

Numerous reporters of the North and the South and foreign reporters were present to cover the fourth round of the North-South economic talks. At 1000, seven delegates from our side, with Yi Song-nok, vice minister of foreign trade of the DPRK, as chief delegate, attended the talks. Seven delegates of the South Korean side attended the talks.

Members of our delegation, including the head delegate, exchanged greetings with members of the South Korean delegation. Today's talks were held in closed session, as agreed upon by the two sides. At the conclusion of the talks, the head of our delegation held a press conference with reporters. He said that he had made the following statements at the talks:

Ten months have already passed since the North-South economic talks began amid the great expectations and interest of the nation. Three months have already passed since the third round of the talks was held. During this period, progress has been made in the development of North-South relations. This has brought joy to the brethren and has aroused their desire for reunification. In particular, with the agreement at the North-South Red Cross talks on the exchange of art troupes and home-visiting groups on the occasion of the 40th anniversary of national liberation, artists and separated families and relatives in the North and the South will soon be able to witness the epochal event of visiting the other side's area, crossing the blocked Military Demarcation Line.

I can say that amid the favorable atmosphere of dialogue now prevailing between the North and the South, our economic talks, too, have achieved a series of successes because of the sincere efforts of the two sides.

In particular, at the third round of the talks, the South Korean side agreed to our proposal for forming a North-South joint committee for economic cooperation and presented a proposal which is identical or similar in content to our 16-point proposal concerning North-South economic cooperation and the exchange of goods. Thus, we, those who are engaged in economic circles, too, have come to provide a foundation by which we can repay the expectations of the nation.

This fact has further deepened the faith of our businessmen in the North and the South that if they pool their wisdom and strength, proceeding from the stand of loving the country and the nation, they can greatly contribute to the rewarding task of improving North-South relations and expediting the country's reunification.

Today's talks between the two sides bore outstanding fruit based on the successes attained in the past three rounds of the talks. Thus, we should bring joy to our brethren in the North and South once again.

Proceeding from the desire to establish the North-South joint committee for economic cooperation as early as possible and realize wide-ranging economic collaboration and exchange between the North and the South, we sincerely studied and reviewed a draft of the letter of agreement presented by the South Korean side at the third round of the talks.

According to our study and review, although there are differences with regard to more than a few points between the South Korean side's proposal and our side's proposal, we could find similarities and points in common in some important matters. This is good evidence showing that there is a common foundation by which our work can be properly carried out. At the same time, because of this, we can take an optimistic view and have faith that we can make the talks successful and reach agreements easily.

The common points of our side's proposal and the South Korean side's proposal are as follows: First, the two sides have the same view on forming a North-South joint committee for economic cooperation with vice premier-level officials of the two sides as cochairmen, and second, as regards economic collaboration and exchange, too, the South Korean side presented proposals which are identical or similar in content to our side's 16-point proposal, taking it into consideration.

Of course, there are still many differences in the proposals of the two sides with regard to the function and operation of the North-South joint committee for economic cooperation, means of trading goods, and means of payment. However, if the two sides hold sincere discussions on the basis of the principles of reciprocity and mutual respect, we think that we can easily narrow the differences and reach a point of agreement.

From a stand for establishing the North-South joint committee for economic cooperation as soon as possible and for realizing wide-ranging economic collaboration and exchange between the North and the South, and in order to make today's talks significant ones bearing substantial fruit, I put forward the following draft of a letter of agreement by enumerating the proposals already presented by the two sides:

1. The two sides shall abide by the following principles in realizing economic cooperation and the exchange of goods between the North and South:

1) The two sides shall discuss and settle all questions regarding economic cooperation between the North and South, respect the 3-point principle of national reunification -- independence, peaceful reunification, and great national unity -- in guaranteeing their implementation, and, on the basis of this, contribute to common national prosperity and the cause of national reunification.

2) In establishing economic relations, the two sides shall, at all events, honor the will of the other side to the maximum on the basis of the principle of mutual trust and reciprocity.

3) The two sides shall push ahead with economic cooperation first in fields essential for laying the self-sufficient foundation of the national economy and achieving common national prosperity and conduct commodity exchange on the basis of the principle of reciprocity and mutual accommodation.

2. The two sides shall realize economic cooperation and commodity exchange in conformity with the common interests of the nation.

4) Economic cooperation shall begin first in the fields involving the joint development and utilization of natural resources, and its scope shall be gradually expanded.

5) In terms of the type of economic cooperation, the two sides shall adopt as a basic method separate operation with one's own equipment, technology, manpower, and funds in the area of the other side, and joint ventures shall be established depending upon the objects of cooperation.

- 6) The amount of investment into each object of cooperation shall, in principle, be more than 15 million Swiss francs.
- 7) The concrete questions arising in realizing economic cooperation, such as the organization and operation of companies participating in cooperation, shall be separately confirmed in the contract to be signed between the two sides.
- 8) In terms of the commodity items to be exchanged between the North and South, the two sides shall discuss and decide this in accordance with their demands, taking into consideration the items proposed at the first round of North-South economic talks.
- 9) The amount of exchange shall be decided by taking the possibilities and hopes of the two sides into account.
- 10) In terms of the form of settlement of accounts in commodity exchange, the settlement of accounts by liquidation shall be adopted as a basic form, and other forms may be applied, depending on the various cases.
- 11) Banks in the North and South designated by the two sides shall take charge of the work of clearing currency.
- 12) The prices of commodities to be exchanged shall be decided in accordance with agreement between the parties concerned with dealings between two sides, taking the international market price into consideration.
- 13) The clearing currency between the two sides shall be the Swiss franc.
- 14) The transaction terms, such as customs clearance, inspection, and settlement of disputes arising in connection with commodity exchange, shall follow the regulations to be separately discussed and compiled by the two sides, taking into account the regulations applied in transactions with foreign countries.
- 15) Various kinds of privileges shall be ensured in realizing economic cooperation and collaboration between the North and South.
 - a. The enterprise income tax, the corporation tax, the property tax, and customs shall be exempted.
 - b. The exemption from tax shall be exercised during the entire period in which the work of economic cooperation is carried out.
 - c. Land utilization fees and resources fees shall be, in principle, applied only after goods are produced.
 - d. The date of payment of electricity fees, water fees, and other similar fees of cooperation organizations may be extended through, or using, the form of loans.
 - e. Materials, facilities, and operational material required for the subjects of cooperation can be supplied without restriction and the material produced in the pertinent areas will be ensured through the authorities and organizations concerned in accordance with the demand of the cooperating persons.

16) Transacting personnel will be in charge of the implementation of economic cooperation and the exchange of goods in accordance with the subjects of cooperation and the kinds of goods to be exchanged. Business firms, enterprises, judicial personnel, and economic organizations may act as the transacting personnel.

17) The subject, scale, method of implementation, conditions, and period of economic cooperation and exchange of goods will, in principle, be discussed and decided by the joint committee.

3. The two sides shall ensure all conditions required for economic cooperation and the exchange of goods.

18) The two sides shall make their best efforts to smoothly carry out the work of North-South economic cooperation and to expand and develop such work constantly. They shall take all necessary actions required for this.

19) The material for economic cooperation and exchange of goods and transportation means required for transporting the facilities shall be trains, cars, and ships, and the pertinent routes of transportation shall be as follows:

a. The Seoul-Sinuiju railway shall be connected and operated.

b. A car route between Kaesong and Munsan will be put into operation.

c. The ports of Nampo and Wonsan, Inchon and Pohang, will be opened for operation.

20) The two sides shall offer maximum conveniences for the coming and going of each side's trains, cars, and ships, and for their stay and periods of loading and unloading of cargoes.

21) The two sides shall ensure the coming and going of personnel in connection with the implementation of economic cooperation and the exchange of goods.

22) All personnel coming and going shall abide by the pertinent laws and regulations while staying in the other side's areas and waters.

23) The two sides shall legally protect the personnel of the other side who are coming to and going from a side's areas and waters, and shall ensure their working conditions and daily conveniences to the maximum. When an accident occurs, emergency relief measures should be taken for the personnel of the other side coming to and going from its side, and the side concerned shall immediately notify the other side of the situation and conditions.

24) The two sides have the obligation to legally protect various agreements concluded in connection with economic cooperation and the exchange of goods.

25) Means and methods of communications relating to economic cooperation and the exchange of goods will be decided upon by the two sides in accordance with mutual agreement.

4. The two sides will organize and operate the North-South joint committee for economic cooperation -- hereafter referred to as the joint committee -- as a joint organization for consultation and implementation that will discuss and implement the issues relating to economic cooperation and the exchange of goods between the North and the South.

26) The North-South joint committee for economic cooperation shall be organized as follows:

a. The joint committee shall be formed with one chairman, one vice chairman, and seven members from each side. The chairmen shall be vice premier-level officials, vice chairmen shall be minister-level officials, and members shall be minister- or vice minister-level officials.

b. The joint committee shall have under it the subcommittee for resource development, the subcommittee for industry and technology, the subcommittee for agriculture and fisheries, the subcommittee for the exchange of goods, the subcommittee for transportation and communications, and the subcommittee for finance. If agreed upon, other subcommittees shall be organized. Each subcommittee shall be formed with one chairman, one vice chairman, and three members from each side. The chairmen of the subcommittee shall be chosen from members of the joint committee by each side, the vice chairmen shall be minister-level officials, and members shall consist of necessary personnel.

c. The joint committee shall have under it a joint secretariat. The joint secretariat shall be formed with one director, one deputy director, and approximately five officials from each side. The secretaries shall be chosen from members of the joint committee by each side.

27) The joint committee shall exercise the following functions:

a. The joint committee shall discuss methods of economic cooperation and the exchange of goods between the North and the South and adopt necessary documents of agreement.

b. The joint committee shall guarantee the correct execution of agreements on economic cooperation and the exchange of goods between the North and the South and discuss and decide upon measures to expand and develop economic cooperation and the exchange of goods between the North and the South.

c. The joint committee shall discuss and ratify regulations and detailed rules necessary for economic cooperation and exchange of goods between the North and the South.

d. The joint committee shall discuss and coordinate various problems that may arise in the process of economic cooperation and the exchange of goods between the North and the South.

e. The joint committee shall discuss and decide upon the travel of personnel, the exchange of data, the organization of exhibitions and expositions, and other issues for the smooth conduct of economic cooperation and the exchange of goods between the North and the South, and guarantee the realization of these plans.

f. The joint committee shall discuss and decide upon other matters that may arise in carrying out economic cooperation and the exchange of goods between the North and the South and ensure their implementation.

28) Subcommittees shall exercise the following functions:

a. Subcommittees shall draw up plans for economic cooperation and the exchange of goods between the North and the South and submit them to the joint committee.

b. Subcommittees shall guarantee the correct implementation of agreements and instructions by the joint committee.

c. Subcommittees shall discuss and coordinate controversies that may arise within each subcommittee in the process of carrying out economic cooperation and the exchange of goods, and submit important matters to the joint committee.

29) The joint secretariat shall exercise the following functions:

a. The joint secretariat shall handle practical matters related to the preparations for convening conferences of the joint committee and subcommittees, the operation of conferences, and the recording of conferences.

b. The joint secretariat shall conduct related projects that arise in the process of the discussion and implementation of economic cooperation and the exchange of goods.

c. The joint secretariat shall check the status of the implementation of the letter of agreement and instruction of the joint committee and conduct the work of collecting statistics and data necessary for their correct implementation.

30) The joint committee, the subcommittees, and the joint secretariat shall be formed within 1 month after this letter of agreement comes into effect.

31) Conferences of the joint committee shall be operated as follows:

a. Conferences of the joint committee shall be held in Pyongyang and Seoul on a quarterly basis, and an extraordinary meeting can be held in accordance with agreement between both sides.

b. The first conference of the joint committee will be held within 1 month after this agreement comes into effect.

c. Meetings of subcommittees shall be held as occasion demands in accordance with mutual agreement, and the venues of conferences will be Pyongyang, Seoul, and Panmunjom.

d. Conferences of the joint committee and subcommittees will be, in principle, closed sessions, and may be held in public in accordance with agreement by both sides.

e. Members of the secretariat of the joint committee, personnel engaged in economic cooperation, dealers engaged in exchanging goods, and other necessary personnel may attend the conferences of the joint committee and subcommittees.

f. Conferences of subcommittees of the joint committee shall be operated in accordance with the detailed rules on operation of the joint committee and subcommittees adopted at a separate discussion.

32) The detailed rules on operation of the secretariat of the joint committee will be prepared in a separate discussion. This letter of agreement may be revised and supplemented in accordance with agreement by both sides. This letter of agreement will come into effect when the chief delegates to the North-South economic talks sign and exchange originals of the letter. This letter of agreement will remain in effect continuously unless one side proposes its abolition.

Noting that this was the content of the draft agreement to be discussed at today's talks, he continued: This draft agreement comprehensively contains the proposals put forth by our side in the past three rounds of talks and the proposals put forth by the South side. Thus it is a just and reasonable proposal reflecting the intentions and interests of both sides. I think the South side has no particular opinion against this proposal.

If this draft agreement is signed, it will greatly contribute to the improvement of economic relations between the North and the South, to the uniform development of the national economy, to the rejoining of the severed bonds of the nation, and to the provision of a short-cut to national reunification.

He said he hoped that the South side would respond affirmatively to this draft agreement. He also said that both sides agreed to hold the next talks at Panmunjom on 20 November.

CPRF DECRIES INTRODUCTION OF NEW WEAPONS TO SOUTH

SK160207 Pyongyang Domestic Service in Korean 0800 GMT 16 Sep 85

[Text] The CPRF Secretariat has issued an information condemning the U.S. imperialists' maneuvers to introduce greater quantities of up-to-date war equipment to South Korea.

The CPRF Secretariat Information No 331:

The U.S. imperialists are now scheming to introduce greater quantities of war equipment to South Korea, clamoring about military balance on the Korean peninsula. According to foreign press reports, U.S. imperialists recently announced their plan to deploy in South Korea a special task force unit for defending air bases armed with modern antiaircraft artillery guns and missiles, and then also decided to deploy more Stinger missiles in South Korea next year in addition to those which have already been deployed there. They again newly introduced to South Korea a large quantity of military equipment, including 7 OV-10A multipurpose modern reconnaissance airplanes.

On 9 September, the U.S. Department of Defense decided to transfer 21 AH-1S Cobra helicopters armed with TOW antitank guided missiles which are valued at \$178 million to South Korea and announced that they will supply new chemical weapons to the U.S. imperialist aggression forces occupying South Korea.

This is not only a vicious challenge to the unanimous aspiration of the Korean people and world's peaceloving peoples who want peace in Korea and its peaceful reunification, but is also an open criminal act of destroying the favorably developing North-South dialogue and of aggravating tension in Korea.

The Korean people and world's peaceloving people are now unanimously strongly demanding that the U.S. imperialists withdraw U.S. imperialist aggression forces and all lethal weapons, including nuclear weapons, from South Korea as called for by the resolution of the 30th UN General Assembly and that North-South dialogue become a stepping-stone for peace in Korea and its independent and peaceful reunification through its successful progress.

Nevertheless, the U.S. imperialists deliberately created obstacles to the hardwon North-South dialogue by waging the racket of the Team Spirit-85 joint military exercise. Since then, they have continuously waged a war exercise racket behind the scene of dialogue by manipulating the South Korean puppets in a bid to aggravate tension. Thus, they have led the situation to the brink of war by tenaciously clinging to the maneuvers for reinforcing armed forces.

This clearly proves that while outwardly clamoring about peace to pretend as if they are interested in North-South dialogue, the U.S. imperialists are, in fact, frantically running wild to provoke a new war, a nuclear and chemical war, on the Korean peninsula, brutally trampling underfoot North-South dialogue.

Such arrogant and rude maneuvers of the U.S. imperialists will only result in further exposing their aggressive nature and will arouse stronger protest and condemnation among our people and the world's peaceloving peoples. The U.S. imperialists should look straight at the trend of the times and act discreetly. At the same time, they should not continue to introduce their aggression forces into South Korea but withdraw U.S. forces and all lethal weapons from South Korea without delay as demanded by the people at home and abroad.

[Dated] 16 September 1985, Pyongyang

TRADE ACCORD SIGNED WITH JAPANESE BUSINESSMEN

OW171237 Tokyo KYODO in English 1228 GMT 17 Sep 85

[Text] Beijing, Sept. 17 KYODO -- A senior Japanese businessman and a ranking North Korean official have signed a private memorandum agreeing to expand trade between their two countries, the businessman said here Tuesday after a weeklong visit to Pyongyang. Japan does not have diplomatic relations with North Korea.

Den Kawakatsu, board chairman of Nankai Electric Railway Co., said he signed the memorandum with North Korean Vice Foreign Trade Minister Yi Song-nok.

In the memorandum, they pledged to promote exchanges in the fields of economy, trade and science and technology. North Korea also mentioned in the memorandum the possibility of starting joint ventures with Japanese companies, according to Kawakatsu. He was the first Japanese business leader to visit Pyongyang since the partition of Korea.

While in Pyongyang, Kawakatsu held a series of talks with North Korean leaders, including communist party Politburo member Ho Tam and President Kim Il-song.

In a meeting Sunday, President Kim sought Japanese economic cooperation in the development of his country's economy but he said such contact should not damage Japan's relations with South Korea and the United States. Kawakatsu described Kim's attitude as "flexible."

Kawakatsu briefed Japanese business leaders now visiting here on Kim's remarks and the content of the memorandum. He added that he will make a detailed report on the memorandum to the East Asia Trade Research Council, a Japanese private organization promoting Japan-North Korea trade, when he returns to Tokyo, Kawakatsu added.

MEETING WELCOMES CUBAN TRADE UNION DELEGATION

SK170501 Pyongyang KCNA in English 0441 GMT 17 Sep 85

[Text] Pyongyang September 17 (KCNA) -- A meeting welcoming the visiting delegation of the Trade Union Centre of Cuba headed by Rene Penalver Valdes, member of the Central Committee of the Communist Party of Cuba and second secretary of the centre, was held on September 16 at the Korea-Cuba Friendship Pyongyang Textile Machine Plant.

Kang Chong-pak, vice-chairman of the Central Committee of the General Federation of Trade Unions of Korea, in his speech noted that the heroic Cuban working masses and people who were the first to pave the road of socialism in Latin America have reliably defended the revolutionary gains, courageously repulsing the U.S. imperialists' repeated acts of aggression and blockade, and have made shining successes in socialist revolution and construction under the guidance of the Communist Party of Cuba headed by Comrade Fidel Castro. We will in the future, too, as in the past, he stressed, struggle in firm unity with the fraternal Cuban working people in the common struggle for the victory of the cause of peace and socialism and communism against imperialism under the banner of proletarian internationalism and anti-imperialism and independence.

Rene Penalvar Valdes in his speech reaffirmed the invariable support of the Cuban working class to the fraternal Korean people in their just struggle for the independent and peaceful reunification of the country. Recalling the call of the supreme leader of the Cuban people Comrade Fidel Castro for the co-hosting of the 24th Olympic Games in 1988 by the North and the South of Korea, he stressed: We believe that this proposal will enjoy support from all the non-aligned countries. Pointing to the vehement struggle of the Cuban and Korean peoples to force the U.S. troops to withdraw from the Guantanamo Naval Base and South Korea, he said: The Cuban people will fight shoulder to shoulder with the fraternal Korean people till they reunify the country, putting an end to the U.S. occupation of South Korea.

Ho Chong-suk Meets Group

SK170526 Pyongyang KCNA in English 0452 GMT 17 Sep 85

[Text] Pyongyang September 17 (KCNA) -- Ho Chong-suk, secretary of the Central Committee of the Workers' Party of Korea, on September 16 met and had a conversation in a friendly atmosphere with the delegation of the Trade Union Centre of Cuba headed by Rene Penalver Valdes, member of the Central Committee of the Communist Party of Cuba and second secretary of the centre.

O CHIN-U CONGRATULATES EGYPTIAN DEFENSE MINISTER

SK181012 Pyongyang KCNA in English 1003 GMT 18 Sep 85

[Text] Pyongyang September 18 (KCNA) -- Vice-Marshal of the Korean People's Army Comrade O Chin-u, minister of People's Armed Forces, warmly congratulated Muhammad 'Abd al-Halim Abu Ghazalah on his reappointment as deputy prime minister and minister of defence and military production of the Arab Republic of Egypt. He wished his Egyptian counterpart big success in the responsible work for accomplishing the just cause of the Arab people against Zionism.

PYONGYANG MEETING MARKS BULGARIAN ARMY DAY

SK170533 Pyongyang KCNA in English 0454 GMT 17 Sep 85

[Text] Pyongyang September 17 (KCNA) -- A meeting was held at the Mangyongdae Revolutionary School on September 16 on the occasion of the 41st anniversary of the founding of the Bulgarian People's Army. Bulgarian Ambassador to Korea Vasil Khubchev and the military attache of his embassy were invited to the meeting attended by teachers and students of the school. The meeting was addressed by director of the school, O Chae-won and Military Attache Kaloper Raichev. Prior to the meeting, the attendants saw photographs on display in the meeting hall.

'NO PROGRESS' SEEN IN NORTH-SOUTH ECONOMIC TALKS

SK180905 Seoul YONHAP in English 0849 GMT 18 Sep 85

[Text] Panmunjom, Korea, Sept. 18 (OANA-YONHAP) -- South and North Korean delegations resumed their inter-Korean economic talks here on Wednesday, but made no progress in their efforts to work out a general agreement on how to implement proposals for commodity trade and economic cooperation.

Kim Ki-hwan, South Korea's chief delegate, told reporters after the two-hour, closed-door session that the attitude of the North Korean negotiators toward the meeting on Wednesday cast gloom over the prospects for the future of the inter-Korean economic talks.

He also said that the North Korean delegates brought up three principles for national unification -- independence, peace and national solidarity, which are reflected in the spirit of the South-North joint communique agreed upon on July 14, 1972.

Kim, who is secretary general of the South Korean Economic Planning Board's International Economic Policy Council, said that the North Korean delegates created the impression that they were trying to link the ongoing economic talks with political issues by raising the three principles. It is "unproductive" to make such matters the subject of economic talks, he said, because issues involving political systems and ideologies should be discussed separately, he added.

The North Koreans proposed a single agreement incorporating South Korea's three-point proposal, which calls for mutual commodity trade, joint ventures and the establishment of a joint South-North economic cooperation committee, Kim explained.

Asserting that there were no fundamental differences in the views presented in the draft agreements proposed by both sides, the North Korean side demanded that the draft agreements be handed over to a working-level meeting for further discussion, Kim said. In reply, the South Korean delegation proposed that the working-level meeting be held after the delegates fully discuss the major points to be included in the draft agreements, Kim continued.

The North Korean delegation, led by Yi Song-nok, avoided participation in a general discussion of the major points, as suggested by South Korea, and said that it would present its views on those points at the next South-North economic talks, Kim said.

The two sides agreed to hold the next economic meeting on Nov. 20 in the truce village of Panmunjom.

Seven negotiators from each side attended the meeting, which began at 10 a.m. Korean time (01:00 GMT) in the conference room of the Neutral Nations Supervisory Commission here. The meeting lasted for one hour and 55 minutes.

In a released text of the statement he made at the session, Kim urged North Korea's chief delegate to first reach an agreement regarding the proposals that Seoul made earlier to buy 300,000 tons of anthracite coal from North Korea and to reconnect the Kyung-ui railway, which links Seoul with Sinuiju, a city in the northern part of North Korea, later this year.

The North Koreans evaded discussions about those proposals, however, Kim said.

Kim quoted North Korean delegates as saying that the two sides will be able to discuss the specific proposals if the proposed South-North economic cooperation committee is set up after the conclusion of the general agreement. Kim proposed that the common points suggested by both sides be incorporated in the general agreement and presented a revised draft agreement for the implementation of trade and economic cooperation, and for the establishment of an inter-Korean joint economic cooperation committee.

In the statement, Kim said, "I am pleased to note that these economic talks, which began on November 15, 1984, have been fruitful in that we have been able to exchange views on a number of important issues." In order to contribute to the progress of the South-North talks, as a whole, including the inter-parliamentary talks, both sides should be ready to conclude the economic talks by "adopting a general agreement and by implementing the above-mentioned projects," Kim said.

151-MEMBER GROUP TO VISIT PYONGYANG FORMED

SK180946 Seoul YONHAP in English 0925 GMT 18 Sep 85

[Text] Seoul, Sept. 18 (OANA-YONHAP) -- The 151-member group that is scheduled to visit the North Korean capital of Pyongyang Sept. 20-23 was officially formed Wednesday afternoon at the national theater in central Seoul. The visiting group, which will be led by an official of the Korean National Red Cross, (KNRC), comprises 50 members of separated families, 50 performing artists, 30 pressmen and 20 support personnel.

In a brief ceremony, KNRC President Kim Sang-hyop and Pak Tong-chin, minister of the National Unification Board, gave addresses wishing the group members a safe tour.

Last month, working-level Red Cross officials from South and North Korea agreed to simultaneously exchange 151-member groups this month between Seoul and Pyongyang.

GOVERNMENT DENIES REPORT ON NORTH OFFICIAL'S VISIT

SK180057 Seoul THE KOREA HERALD in English 18 Sep 85 p 1

[Text] A government source yesterday denied as "totally groundless" wire reports that a senior North Korean official visited Seoul in strict secrecy and had talks with ranking South Korean government officials. The source said such irresponsible reports are of no help in carrying out the ongoing South-North Korean dialogues.

A Tokyo-dated wire report yesterday said that a high-ranking North Korean official visited Seoul in secrecy early this month and talked with ranking Seoul officials.

Chon-Kim Summit 'Speculation'

HK170236 Hong Kong AFP in English 0228 GMT 17 Sep 85

[Text] Seoul, Sept 17 (AFP) -- South Korea authorities today denied as "simple rumours without any foundation" JIJI PRESS reports that a senior North Korean official visited Seoul in strict secrecy early this month and had talks with South Korean President Chon Tu-Hwan.

"Such rumors do not help in anyway dialogue now underway between Seoul and Pyongyang, but rather they could be harmful to the inter-Korean talks," commented Assistant Information Minister Yu Tae-wan [name as received] to the press.

Rumours have circulated early last week in Seoul that Ho Tam, former North Korean foreign minister and currently chairman of Pyongyang's Commission for Peaceful Reunification of Korea, arrived in Seoul on September 4 for a three-day visit and had secret talks with President Chon. At that time, South Korean authorities did not bother to deny the rumours and the South Korean press did not report the story.

Mr. Yu also commented that certain U.S. newspaper reports mentioning the possibility of a summit meeting between Mr. Chon and his North Korean counterpart Kim Il-song were "mere speculation." "At present, there are no practical moves on either side towards a Chon-Kim summit conference," Mr. Yu added, after recalling that the South Korean Government has called for such a top-level meeting in the past "at every possible opportunities."

U.S. LIKELY TO ISSUE VISAS TO N. KOREAN SCHOLARS

SK180047 Seoul Domestic Service in Korean 2200 GMT 17 Sep 85

[Text] (YONHAP/Washington) According to THE WASHINGTON TIMES, the U.S. Reagan administration is preparing to issue entry visas to three North Korean scholars next month for the first time in the history of U.S.-North Korea relations.

THE WASHINGTON TIMES reported yesterday, citing U.S. Administration sources, that visas are likely to be issued, if this does not lay an obstacle to the ongoing North-South dialogue, to the three North Korean scholars to attend the Asian affairs symposium to be held at George Washington University in Washington for 3 days from 25 to 27 (?October).

Kenneth Bailes, U.S. State Department spokesman, said that although their visa applications had not been received, they would consider the issuance of visas in accordance with the principles of various categories, if they receive their applications.

THE WASHINGTON TIMES then referred to the Asian affairs analysts as saying that such a U.S. Government move will place the ROK in a difficult position, criticizing that it is an action too early to take.

KOREA HERALD ANALYZES WOLFOWITZ-KAPITSA TALKS

SK181122 Seoul THE KOREA HERALD in English 18 Sep 85 4

[Editorial: "Meaning of Moscow Talks"]

[Text] Relations between the Soviet Union and its decades-old ally North Korea have grown conspicuously over the past year through increasing Soviet military support for Pyongyang. This coincides with the Soviets' over bid to strengthen their political influence in East Asia on the heels of their unprecedented military buildup in the region.

It was against such a backdrop that the United States and the Soviet Union held high-level talks last week in Moscow to deal exclusively with regional problems concerning East Asia. The Korean peninsula was apparently on the top of the agenda, the first such for any bilateral Washington-Moscow talks in four decades.

Paul Wolfowitz, U.S. assistant secretary of state for East Asian and Pacific affairs, left Seoul Monday after making an overnight visit to brief the government on the results of the two-day Moscow talks he had with Soviet Deputy Foreign Minister Mikhail Kapitsa.

The Moscow talks covered "a wide range of topics of importance to peace and security" in East Asia and were an important part of preparations for the U.S.-Soviet summit in November, according to Wolfowitz, who stressed that the purpose of the discussions was to avoid misunderstandings on regional issues. Being themselves experts on East Asia, Wolfowitz and Kapitsa were believed to have talked about the regional problems from practical perspectives.

In light of Wolfowitz's words, the superpowers seemed well aware of the importance of East Asia. And we are inclined to expect the superpower talks to serve peace on the Korean peninsula. Yet, we are still haunted by what big powers did in the past for the fate of Korea, making it a victim of their power play aimed at pursuing their own interests. Despite their professed goals of seeking peace, America and the Soviet Union at their Moscow talks were said to be still wide apart on how to go about reducing tensions on the Korean peninsula. At this juncture, worthy of note is Wolfowitz's remark that the security threat to the region was largely attributable to the Soviet military buildup and Soviet allies such as North Korea.

As Wolfowitz said, we believe the Soviets, therefore, have an important responsibility to encourage Pyongyang to play a genuine role in reducing tension on the peninsula. The Soviet transfer of advanced military equipment to North Korea is feared to work to the contrary. Moscow is urged to help establish peace on the peninsula by encouraging productive inter-Korean dialogue. It will surely prove to its advantage because an unstable Korea might get the superpowers involved in a military confrontation that both sides certainly are eager to avoid.

On our part, we should be able to map out our own destiny if we are not to repeat the past tragedies. The creation of a favorable international environment is, of course, important. Yet, it is still primarily our own responsibility to keep world climate in our favor in a way that also will serve the good of others.

NKDP, U.S. DEMOCRATIC PARTY TO COOPERATE

SK170159 Seoul THE KOREA HERALD in English 17 Sep 85 p 4

[Text] The NKDP and the Democratic Party of the United States last week agreed to establish friendly and cooperative relations. The two parties will begin to exchange lawmaker visits next year, it was learned yesterday. The agreement was reached when Kim Yong-sam and NKDP floor leader Kim Tong-yong met with incumbent Democrats including Sens. Edward Kennedy and Gary Hart in Washington, Kim Yong-sam's aides in Seoul said.

Kim Yong-sam, co-chairman of the Council for Promotion of Democracy, invited Sen. Kennedy to visit Korea at a convenient time. Kennedy accepted the invitation.

OPPOSITION LAWMAKERS DETAINED 24 HOURS, RELEASED

SK181045 Seoul YONHAP in English 1025 GMT 18 Sep 85

[Text] Seoul, Sept. 18 (YONHAP) -- Two opposition lawmakers who were questioned at the Seoul District Prosecutor's Office in connection with a recent campus rally were set free Wednesday following 24 hours of detention.

Early Tuesday afternoon, officials from the prosecutor's office gave a court warrant to Rep. Cho Sun-hyong of the New Korea Democratic Party (NKDP) and apprehended him at a downtown restaurant. It also issued a court warrant to Rep. Pak Chang-chong, another NKDP lawmaker, who voluntarily went to the office after Cho was led away. The two legislators were charged with violating the law governing the assembly and demonstration.

Earlier this month, Cho and Pak, along with a group of dissident activists, went to Korea University, where authorities say they "abetted" a group of rallying students. They deny the allegations, however.

The legislators had refused to comply with summonses issued by the prosecutor's office, demanding that the office investigate at the same time their case and the NKDP's charges against the home minister and three senior police officers.

In a related development, Kim Pyong-o and Han Kwang-ok, both key members of the Council for the Promotion of Democracy, were also released from detention by the prosecutor's office on Wednesday. They were also questioned for 24 hours on similar charges.

DJP CRITICIZES U.S. DEMAND FOR MARKET OPENING

SK180134 Seoul THE KOREA HERALD in English 18 Sep 85 p 4

[Text] The ruling DJP lawmakers were in unison in voicing their "discontent" with the U.S. demand that South Korea open its markets for 12 of its products.

Chang Song-man, chairman of the party policy committee, said the demand came too early. Na Ung-pae, director of the DJP Office of Policy Coordination expressed the view that the U.S. move only makes our schedule of market-opening more difficult to put into practice, it is planned gradually. Kim Chong-in commented, "It is unreasonable for the U.S. side to ask for Korea's market-opening on the same basis as Japan." He added that the United States should correctly recognize Korea's economic and security situations. Nam Chae-hui commented, "There's no other alternative but to endure the hardships."

NKDP Rejects U.S. Pressure

SK180027 Seoul THE KOREA TIMES in English 18 Sep 85 p 1

[Excerpt] The major opposition New Korea Democratic Party (NDP) yesterday urged the government to reject U.S. pressure to open up more of the Korean market to American products. The NDP [New Korean Democratic Party] also called upon the government to decrease the import of energy resources by 10 percent, to reduce the ever-accumulating foreign debt.

In a set of guidelines it worked out to combat the problem of foreign debts, the opposition party stressed that reckless financial support for insolvent companies should be stopped. The detailed guidelines were adopted at a meeting of the NDP's Executive Council yesterday.

HUN SEN MESSAGE TO UN SECRETARY GENERAL

BK171156 Phnom Penh SPK in English 1104 GMT 17 Sep 85

[Quotation marks as received]

[Text] Phnom Penh SPK September 17 -- Hun Sen, chairman of the Council of Ministers and minister for foreign affairs of the People's Republic of Kampuchea, has sent a message to United Nations Secretary-General Javier Perez de Cuellar and to the president of the 40th session of the UN General Assembly.

The message reads: "On the 40th UN General Assembly session, I would like, on behalf of the government and the people of the People's Republic of Kampuchea, to express to Your Excellency my distinguished greetings and my best wishes for the good successes of the current session.

"For forty years now, especially within the present decade, the United Nations has in virtue of its principles and objectives, eradicated the illusion of certain countries which attempted to make this august organization a tribune aimed only at increasing their influences. All the fundamental conceptions emanating from the successive resolutions since 1942, prove the aspiration of all peoples the world over to preserve peace and international security, strengthen and develop the friendly relations among nations, materialize the cooperation so as to solve the world economic, social, cultural and political problems and at the same time to ensure the respect for human rights and fundamental freedom.

History in the past 40 years indicated that the Indochinese Peninsula, with Kampuchea as a part, has been big scene of wars severely ravaged by the successive aggressions of the French colonialists and the U.S. imperialists. Between 1975 and 1978, the regime of Pol Pot committed an unprecedented genocide in the history of mankind, causing the Kampuchean people to sustain untold sufferings and unthinkable massacres. Public opinion in the world, and even in the United States, realized that the Pol Pot regime, more barbarous than that of Hitler, constitutes the holocaust and crude violations of the inalienable rights of human. Despite these realistic opinions, the governments of some countries have stubbornly mobilized the others to preserve the presence of Pol Pot at international organizations, particularly the organizations which are for the respect for human rights and fundamental freedom.

"In the past six years, in strict conformity with the UN principles and objectives, and with the resolutions of the sixth and seventh summits of the Non-aligned Movement, the PRK fully practised the right to self-determination of the Kampuchean people, particularly the right to live free from all threats of mass extermination by the genocidal clique of Pol Pot. The People's Republic of Kampuchea has developed with evident all-round successes thanks to the firm support of the Kampuchean people.

"Like the results of all the previous conferences, those of the 11th conference of the foreign ministers of Kampuchea, Laos and Vietnam recently held in Phnom Penh demonstrate the good will of the Kampuchean people as well as of the three Indochinese countries as a whole to seek for a solution to the issue of peace and stability in Southeast Asia and in Kampuchea by means of negotiations.

"As pointed out in the 10th conference of the three Indochinese foreign ministers held in January 1985 and reiterated in the 11th conference in Phnom Penh in August, the so-called Kampuchea problem" can be solved through the two following possibilities:

"1 -- Whether the concerned parties can reach a political solution or not, the Vietnam volunteer army will gradually withdraw from Kampuchea and the total pull out will be completed by 1990. This means that the "Kampuchea problem" will be solved by itself without negotiations.

"2 -- In case the concerned parties can reach a political solution the total withdrawal of the Vietnam volunteer army from Kampuchea can be performed earlier.

"It is on these firm, legal basis and the strong support of the Kampuchean people that the P.R.K. can accept one of the two said possibilities.

"From the concept that 'only the strong can have the right to make concession to the weak the PRK Government expressed its good will through its readiness to open direct or indirect talks with all Khmer opposition groups or individuals for the national reconciliation on the basis of the elimination of the Pol Pot clique and this will be followed by a general election after the total withdrawal of the Vietnam volunteer army from Kampuchea. In this sense, the PRK Government welcomes all efforts and initiatives for solving the issues of peace and stability in Southeast Asia and in Kampuchea.

"I would be grateful to Your Excellency, for your circulations of this text as an official document at the current General Assembly session.

PHNOM PENH COMMENTS ON THAI COUP ATTEMPT

BK171120 Phnom Penh Domestic Service in Cambodian 0430 GMT 17 Sep 85

[Text] On Monday, 9 September, a failed coup took place in Bangkok, capital of Thailand, under the leadership of former Supreme Commander Soem na Nakhon to topple Prem Tinsulanon's government. However, the coup was put down by loyalist soldiers and the Royal Thai Government the same afternoon. The coup plotters said they were acting to transform the national economy, which is very shaky.

It is noteworthy that since 1932, there have been 16 military coups due to Thai socioeconomic problems. All this shows that Thailand is constantly facing socioeconomic decline. While Thai rice is exported -- almost 5 million metric tons in 1984 -- the Thai weekly WIWAT wrote that the number of Thai children dying of hunger is increasing. Every year, about 5 million Thai children lack vitamins. Of these, 50,000 die.

Furthermore, according to Thai economists, in 1986 there will be 2 million jobless people. During the first 6 months of this year, there were over 30,000 jobless people in Bangkok. This does not include hundreds of thousands of university graduates.

The cost of living has risen by 10 to 15 percent. The number of teachers who have turned to prostitution, robbery, and murder in Thailand has risen very quickly. Why does Thailand constantly face an economic crisis?

The Thai paper THAI RAT strongly criticizes the Thai Government, saying that it is insane for Bangkok to consider the Cambodian issue its major preoccupation in the face of growing hardships of the Thai people and the backward state of the Thai economy.

It is obvious that the Thai budget has not been used to improve the deteriorating living standards of the majority of Thai workers but has instead been used to serve military purposes to oppose the Indochinese countries. The over 8.9-billion-baht budget and many other millions of baht are being used to provide military equipment to the Thai Armed Forces, such as F-16 jets and tanks purchased from the United States.

VONADK REPORTS SIEM REAP TOWN SHELLED 2 SEP

BK180034 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2315 GMT 17 Sep 85

[Excerpts] We launched a commando attack against a Vietnamese enemy regiment position at (O Ronouk), Mondolkiri battlefield, on 6 September. In 15 minutes of fighting, we killed 15 Vietnamese enemy soldiers and wounded 25 others. Among those killed were a regiment commander and two company leaders. We destroyed a regiment command post and some military materiel.

We shelled Siem Reap town on 2 September, killing two of the enemy and wounding a number of others.

VODK CARRIES KIM IL-SONG MESSAGE TO SIHANOUK

BK140534 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT 13 Sep 85

[5 September message from DPRK President Kim Il-song to Norodom Sihanouk, president of Democratic Kampuchea, "for his greetings to the Korean people on the occasion of the 40th anniversary of Korea's liberation"]

[Text] To Prince Norodom Sihanouk, president of Democratic Kampuchea: I would like to express profound thanks to you for your warm greetings and best wishes, your lofty evaluation of the victories scored by my people in building socialism, and your support for my people's efforts for national reunification that you extended to us on the occasion of the 40th anniversary of the liberation of my fatherland from the colonialist yoke of the Japanese imperialists.

[Signed] Kim Il-song, president of the Democratic People's Republic of Korea

PREM TRIP TO U.S. UNCHANGED; EUROPE LEG CUT

BK180107 Bangkok THE NATION in English 18 Sep 85 p 2

[Text] Prime Minister Gen Prem Tinsulanon will cut short his three-week tour of Europe by skipping Austria and Italy, Deputy Government Spokesman Pramot Sukhum said yesterday. He said Prem will cancel his scheduled visit to Innsbruck in Austria and Venice and Rome in Italy, shortening his original tour by four days. The tentative itinerary of the premier will include the U.S., Britain, France and West Germany.

Prem will leave Bangkok for Honolulu, Hawaii, on Sept 24, where he will give a keynote speech at the East-West Centre of the University of Hawaii on Sept 26. Prem will also call on the commander-in-chief of the U.S. Pacific Force. After finishing his trip to Hawaii, Prem will proceed to San Francisco to meet Thai students during Sept 27-28.

The premier will spend five days in New York from Sept 29-Oct 3, where he is expected to give an address to the United Nations General Assembly on Sept 30. He will also meet a group of Thai students on Oct 1.

The U.S. Secretary of State George Shultz and leading U.S. businessmen will hold a discussion with Prem on the same day. Prem will also visit a Thai exhibition on Thai tourism.

Prem will have a luncheon meeting with Prince Norodom Sihanouk of the Coalition Government of Democratic Kampuchea on Oct 2. The next morning, Prem will have a breakfast with the U.S. Defence Secretary Caspar Weinberger and professors from Tufts University's Fletcher School of Law and Diplomacy.

Prem and his delegation, which will include representatives from private sector, will arrive in London for a three-day visit during Oct 4-6, where he is scheduled to meet Prime Minister Margaret Thatcher and take a sightseeing tour of London and Oxford University before the entourage flies to Paris on Oct 7-8.

In Paris, the premier will discuss matters of mutual concern with the French Prime Minister Laurent Fabius. From Paris he will travel to Cologne on Oct 9 and 10 where he is expected to meet West German Chancellor Helmut Kohl, and also discuss with Thai students in Germany.

INDUSTRY MINISTER, DEPUTY RESIGN 17 SEPTEMBER

B170631 Bangkok BANGKOK WORLD in English 17 Sep 85 p 1

[Text] Industry Minister Op Wasurat and one of his deputies, Prayot Nuangchamrong, resigned this morning to pave the way for Prime Minister Prem Tinsulanon to reshuffle the Cabinet. The two, who are members of former prime minister Kriangsak Chamanan's National Democracy Party [NDP], were the first ministers to quit the coalition government amid widespread speculation of a Cabinet reshuffle following last week's abortive coup in which the NDP leader was suspected to have been involved.

Another Deputy Industry Minister, Wong Phonnikon, also of the NDP, is now in Canberra and has been informed of the resignation of Op and Prayot. He is expected to resign when he returns to Bangkok today.

Speaking at a press conference at the Industry Ministry this morning, Op said that he had informed Gen Prem of his offer to resign at a dinner yesterday afternoon and the premier acknowledged it. He said he later rang Gen Kriangsak to inform him of his resignation. Gen Kriangsak himself said that it was good for him to resign so that the government would feel at ease, Op said.

He said he tendered his resignation to Gen Prem this morning.

Asked whether he would join the Prem Government again if he was invited, Op said he would not do so. He said he would rather rest and make a living in the North.

Prem Comments

BK171224 Bangkok Domestic Service in Thai 1200 GMT 17 Sep 85

[Text] Answering questions from newsmen this afternoon at Government House, Prime Minister General Prem Tinsulanon said he has accepted letters of resignation from Industry Minister Op Wasurat and Deputy Industry Minister Prayot Nuangchamnon. He said he will appoint other individuals to the vacated posts.

He said he cannot say anything about a cabinet reshuffle at this time but the matter will have to be acted upon quickly; the public will know about it in about a couple of days. He did not think it is necessary to inform the people formally because they probably know already.

KRIANGSAK, OTHERS FORMALLY CHARGED WITH TREASON

BK180055 Bangkok BANGKOK POST in English 18 Sep 85 pp 1, 3

[Text] Former prime minister Kriangsak Chamanan and 24 other people have been formally charged with treason in connection with last week's coup bid, police chief Gen Narong Mahanon said last night. All the suspects will be tried in court, Prime Minister Prem Tinsulanon reportedly told the Cabinet yesterday.

In addition to Gen Kriangsak, 68, four other senior military officers have been booked on the same charge. They are former supreme commander Gen Soem na Nakhon, 65, former deputy supreme commander ACM [Air Chief Marshal] Krasae Inthararat, 64, Deputy Supreme Commander ACM Arun Phromthep, 58, and former army deputy commander-in-chief Gen Yot Thephatsadin, 67.

Among the five only ACM Arun has been placed in custody and questioned at the Supreme Command because he is still on active duty, the police chief said.

Gen Yot is being treated at Phrommit Hospital off Sukhumvit Road for high blood pressure and haemorrhoids. The hospital said the general has been admitted for treatment since Monday. The general's room was heavily guarded by police and militarymen last night.

Gen Kriangsak, Gen Soem, ACM Krasae and ACM Arun yesterday surrendered themselves at the Internal Peace-Keeping Command where a police committee headed by Gen Narong and his deputy, Pol Lt-Gen Suthat Sukhumwat, had set up a centre to interrogate alleged coup plotters.

Four labour leaders were also placed under detention yesterday. They are former Labour Congress of Thailand [LCT] president Ahmad Khamthetthong, LCT adviser Sawat Lukdot, State Railway of Thailand union adviser Prathin Thamrongchoi and city bus union leader Issara Ngarmroj. Ahmad and Sawat are both senators.

Gen Kriangsak, Gen Soem and ACM Krasae -- all retired officers -- were later transferred to the Special Branch Police headquarters along with the four labour leaders last night.

The Special Branch Police yesterday converted the office of the commander of the unit's 2nd Sub-division on the third floor into a special detention room for Gen Kriangsak. Gen Soem and ACM Krasae were put together in a second-floor room which until yesterday had been the office of the 1st Sub-division. The four labour leaders were detained at the 2nd Sub-division. Three other unionists had been arrested earlier in connection with the abortive coup on September 9.

Gen Narong said that so far 25 out of 34 civilians and militarymen named as suspects in the takeover bid which left five people dead and 59 others injured have been questioned and formally charged with treason. In addition, he said police have issued arrest warrants for alleged key coup plotters Col Manun Rupkhachon and his brother Wing Commander Manat of the Air Force Security Forces. The two brothers were allowed to leave the country in exchange for the life of Air Force Commander-in-Chief ACM Praphan Thupatemi, who had been taken hostage by the rebels, according to the official account.

Gen Narong said that so far two other deputies of the Supreme Commander -- Adm Supha Khotchaseni and Gen Bunyarit Thanthanon -- have not been implicated in the coup plot, despite earlier reports which alleged that they supported the takeover bid.

Ninety-eight Air Force officers have been named as suspects. All except five who are still at large are being detained at the Air Force headquarters. An investigation centre has been set up at the Air Force Academy.

At a news conference yesterday evening, Government spokesman Trairong Suwannakhiri quoted Prime Minister Prem as saying that investigators were working round the clock to conclude the case. Gen Prem has instructed them to speed up the investigation so that the case could be forwarded to court as soon as possible, the spokesman said.

The Defence Ministry's Deputy Judge Advocate General, Maj-Gen Kamon Metsuwan, told the BANGKOK POST last night that the suspects are likely to stand trial in a civilian court since there are many civilians involved in the case. Khamnuan Chalopatham, president of the Lawyers' Association of Thailand, said last night that the suspects, if found guilty, face either capital punishment or life imprisonment. But he added: "In my 26 years as a lawyer, most of the suspects involved in this type of offence were pardoned."

Deputy Prime Minister's Remarks

BK180730 Bangkok Domestic Service in Thai 0530 GMT 18 Sep 85

[Text] Asked to comment on the surrender of five generals allegedly involved in the 9 September unrest, Deputy Prime Minister General Prachuap Suntharangkun told reporters at Government House this morning that those who surrendered will face only one charge: treason.

Asked why only these persons have been exposed, when there are many more suspects in the case, he said that the authorities are investigating.

Asked about the damage done to the people -- which the government estimates at 2 million baht -- Gen Prachuap said that this is an initial estimate; if there was more damage, they can claim more compensation. Interior Ministry officials are handling this matter.

PREM DISCUSSES COUP ATTEMPT WITH CABINET

BK171318 Bangkok Domestic Service in Thai 1200 GMT 17 Sep 85

[Text] According to government spokesman Trairong Suwankhiri, before the beginning of the cabinet meeting today Prime Minister General Prem Tinsulanon told the meeting that he was greatly saddened by the incident on 9 September, which badly damaged the country's reputation and prestige. However, he hoped that the damage will be temporary because Thailand previously had the confidence of other countries. He asked all people concerned to try to regain the confidence of other countries as soon as possible. He will do the same while he is on his coming trip abroad. He said every agency concerned should try to explain to the people at home and to foreigners that the situation has already returned to normal. He has already emphasized this to several relevant people.

The prime minister also reported that Deputy Prime Minister Gen Prachuap Suntharangkun had sent him a memo suggesting that the cabinet commend those civilian, police, and military officials who performed strongly to safeguard the democratic system through their superiors and consider special rewards for them for the sake of the morale of officials who perform their duties truly in the interests of the country's peace and security. The cabinet agreed with the suggestion and asked that lists of those deserving such special rewards be compiled by their superiors and forwarded to the government.

The prime minister also informed the meeting that the Police Department's investigators have been working diligently to collect evidence for submission to the prosecutors for legal action against those involved in the 9 September unrest. He has instructed the investigators to speed up their work so that prosecutions can be conducted as soon as possible.

Meanwhile, Interior Minister Gen Sitthi Chirarot has reported that the committee formed to study damage caused by the unrest to the public has reported that the damage totaled about 2 million baht. The cabinet has approved using the national budget to pay compensation.

PRC ENVOY DELIVERS ZHAO ZIYANG MESSAGE TO PREM

BK161457 Bangkok Domestic Service in Thai 1300 GMT 16 Sep 85

[Excerpt] At Government House at 1500 today, Siri Setthabut, director of the Protocol Department, escorted the new Chinese ambassador, Zhang Dewei, to pay a courtesy call on Prime Minister Gen Prem Tinsulanon. The prime minister welcomed the new Chinese ambassador on his appointment to such a prestigious position in Thailand and thanked the Chinese Government for its goodwill toward the Thai Government, adding that Thai-Chinese relations will continue to strengthen. The Chinese ambassador delivered a telegram from Chinese Premier Zhao Ziyang to the prime minister congratulating the Thai Government for its successful management of the recent unrest.

MATICHON LAUDS HANDLING OF STATE OF EMERGENCY

BK180741 Bangkok MATICHON in Thai 17 Sep 85 p 4

[Editorial: "When the Situation Has Improved"]

[Text] The announcement of the state of emergency indicated the government's decisiveness and swiftness in handling the unrest that occurred on 9 September. The decision, a result of careful consideration and good coordination, was designed to enable the authorities to carry out their duties expeditiously and promptly and to settle the situation in accordance with the law. Besides, after the government was able to control the situation, it set up a committee to quickly carry out an investigation of the people allegedly involved in the unrest. It is known that the investigation is now nearly complete.

One week later, after the situation had calmed down, the director of the Internal Peacekeeping Command submitted a letter to the prime minister instructing the government to lift the state of emergency as of 16 September. He reasoned that the situation had improved and national peace and stability had been restored. At the same time, the Internal Peacekeeping Command director rescinded the full alert for military units, instructed all units to use force only when receiving orders in case of an emergency situation, and called on patrols and checkpoints to continue their duties as instructed.

The quick improvement of the situation and the lifting of the state of emergency at a suitable time have helped clear the people's doubts and questions because when there is unrest, a situation of lull occurs automatically, such as an economic standstill and anxiety among the people.

Although the government has lifted the state of emergency, one important thing it must continuously and quickly do is speed up the investigation against all people alleged to have been involved in the incident so the proper legal action can be taken. The government cannot create good understanding simply by lifting the state of emergency, issuing statements calling for national unity, or setting up a committee to interrogate and arrest some persons. It must seriously investigate all those who took part in the unrest and take legal action against them. By doing that, it will show not only the government's desire to solve the country's problems through democratic means but also its will and stability.

The setting up of checkpoints and patrol units ordered by the Internal Peacekeeping Command director was probably aimed not only at preventing subversion by ill-intentioned people but also at preventing crime. If this is so, the relevant authorities should inform the people who travel at night of the fact in order to prevent misunderstanding and stop rumors.

NHAN DAN EDITORIAL ON MONETARY MANAGEMENT

BK171230 Hanoi Domestic Service in Vietnamese 2300 GMT 15 Sep 85

[16 September NHAN DAN editorial: "Implementing the Resolution of the Fifth Party Central Committee's Eighth Plenum, Let Us Strengthen Market, Prices, Goods, Financial, and Monetary Management"]

[Text] Implementing the resolution of the fifth party Central Committee's eighth plenum, our entire country is carrying out in a serious and orderly manner the party and state policy concerning the issuance of new bank notes and the withdrawal and exchange of the old ones.

This policy is of extremely important significance to the renovation of the managerial mechanism, the abolition of bureaucratism and the state-subsidy system, and the definite switching to the socialist economic accounting and business transaction system on the basis of planning work. It is a measure that contributes to consolidating our national monetary system, thereby making money really one of the highly effective instruments to ensure successful fulfillment of the various economic and political tasks in the new revolutionary stage. It also helps create favorable conditions for the state to renovate the pricing and wage mechanism and strengthen the socialist market, financial, and cash flow management. Moreover, it is closely linked with the coordinated activities of these domains.

To bring into full play the effects and results of the change of bank notes and create conditions for the state to use money actively and actually as an instrument to implement successfully the resolution of the eighth party Central Committee plenum, right now, during and after the exchange of bank notes, and in future, all levels and sectors are duty bound to strengthen the management of market, prices, goods, and money. These tasks are also extremely important and must be carried out in a vigorous, active, and well coordinated fashion along with the monetary reforms.

Now more than ever before, the activities of the financial, banking, food, pricing, supply, communications, transportation, and public security sectors should be well coordinated under the firm, timely, active, dynamic, and unified leadership of the party and administrative committees at all levels. In this task, constantly expanding and consolidating the state economic sector and developing the socialist trade service constitute a decisive factor. The socialist trade service is now enjoying new advantages in its active efforts to buy and control goods and to promote sales to control money, goods, and the market. The forces of the state-run trade sector and marketing cooperatives should ceaselessly renovate the organization of goods exchanges and its style of and attitude to service, attach utmost importance to the organization of retailing, especially the retailing of grain and foodstuffs, and prepare sufficient goods to ensure normal sales during and after the exchange of bank notes.

We should implement at an early date the policy of the state exclusively managing and monopolizing the trading of grain, other key agricultural products, important supplies, and staple industrial consumer goods. The management of the domestic market should be unified to end the condition wherein many business organizations buy the same item at the same time in the same place but at different prices. In the task of transforming and controlling private traders, we should make use of many suitable forms of organization and link transformation with organizational and managerial work.

Under the direct and unified guidance of the party and administrative committees at various levels, the relevant sectors should formulate concrete plans, take coordinated actions, and make an effort to create favorable conditions for the state-run trade sector and marketing cooperatives to expand their activities, control large quantities of goods, and satisfactorily organize their distribution. In the immediate future, we must continue to consolidate, build, and develop the organized market to ensure that the socialist trade service controls the absolute majority of wholesale trade and dominates the bulk of retailing activities, especially in the branches of staple commodities.

It is imperative that the division of responsibilities in the buying and selling of goods be satisfactorily carried out to restore socialist order in the market, especially in the state-run economic sector. We must step up the transformation of the private trade sector in conjunction with strengthening the dictatorship of the proletariat; meting out timely punishment to speculators, smugglers, makers of fake goods, and corrupt elements; staying alert; and resolutely struggling against enemy sabotage.

Along with the implementation of various economic, educational, and organizational measures, administrative management should be strengthened. An urgent task is the strengthening of price management. The price commissions at all levels should provide guidance for the fixing and posting of prices according to the purchasing power of the new bank notes. All sectors and levels of all state-run economic organizations and units must firmly maintain discipline regarding prices and overcome the phenomena of competition in buying and selling and of inflating prices.

Anyone engaged in trade activities in the market must fully comply with all state laws and regulations regarding goods circulation and market management. For example, they must register their businesses, trademarks, quality of goods, and measuring equipment; post prices; sell goods at the authorized prices; implement all policies concerning taxes, credits, and cash flow; abide by all regulations on rendering service to customers; set up selling counters and stalls at prescribed places; and so forth.

We must resolutely punish speculators and people who increase prices before, during, and after the exchange of bank notes and bad elements who disturb the market and prices. Localities that have allowed prices to fluctuate strongly before and after the exchange of bank notes as a result of lax market and price control should take active measures to restore order in the market and prices.

The financial sector should quickly provide guidance in the alteration of accounting records to reflect the correct ratio between the old and new bank notes. Financial management should be expeditiously and strictly regularized. The banking sector should lose no time in switching its operations to the socialist business transaction system; apply measures to improve money circulation, credit service, and payments; make good use of cash; speed up the turnaround of money; and protect the purchasing power of the new bank notes.

If the management of market, prices, goods, finance, and money is well coordinated and stepped up, it will help bring about new and positive changes in our socioeconomic system, thereby contributing to implementing successfully the resolution of the eighth party Central Committee plenum.

NEW ZEALANDLANGE: 'NO COMMENT' ON FRENCH REPORTS ON SHIP SINKING

HK180646 Hong Kong AFP in English 0639 GMT 18 Sep 85

[Text] Wellington, Sept 18 (AFP) -- Prime Minister David Lange today had "no comment" on French newspaper reports that a team of two French combat divers sank the Greenpeace vessel "Rainbow Warrior" in Auckland, killing a crew member.

In a two-paragraph statement referring to reports that two French Army agents in jail in New Zealand were "decoys" who supplied another two-man sabotage squad with equipment for the July 10 sinking, Mr Lange said "it is a matter for the courts to decide." The principle of a fair trial for those already accused of sinking the vessel "is paramount," he said.

The jailed pair, Major Alain Mafart and Captain Dominique Prieur, face charges of murder, arson and conspiracy to bomb the Rainbow Warrior. A second team of alleged French secret agents, who sailed the yacht "Ouvea" to New Zealand, are still sought by police here on warrants for murder, arson and conspiracy.

The police today refused to either confirm or deny French media reports that a third sabotage team had actually carried out the bomb attack, planting two limpet mines on the hull of the vessel.

Captain Prieur was today transferred to a new prison, in "the interests of her security and proper protection," Acting Justice Minister David Caygill said. Capt. Prieur is now held in the Ardmore Armed Forces Correctional Centre near Auckland.

Mr Caygill said the jail had been specially prepared for her, and "strict security control" would apply to the area on the military base where the prison is located. She will continue to be in the controlling custody of civilian Justice Department officers and there will be no change in her treatment as an unconvicted remand prisoner, he added. Mr Caygill said her new location would assist in providing "easier access and communication for defence counsel and consular officials" from the French Embassy.

The Embassy's head of chancery, Jean Leray, paid his first visit to Capt. Prieur and Maj. Mafart last week. At that stage, Capt. Prieur was being held in Christchurch women's prison, more than one thousand kilometres to the south of Auckland. Maj. Mafart is in the top security Paremoremo prison north of Auckland.

PALMER ON FRANCE'S 'INTRANSIGENCE' ON NUCLEAR TESTS

HK170035 Hong Kong AFP in English 0017 GMT 17 Sep 85

[Text] Ottawa, Sept 17 (AFP) -- New Zealand Deputy Prime Minister Geoffrey Palmer deplored here Monday France's continuing nuclear tests in the Pacific despite "unanimous protest of the countries in the region."

"France's intransigence is frustrating," Mr Palmer said, adding that New Zealand's opposition to nuclear weapons should not be confused with pacifism. "Collective security can be enhanced by disarmament," he said, rather than by "acquiring more and more weapons and greater destructive power."

LANGE ON NEED TO RESPECT U.S. POSITION

HK171124 Wellington THE EVENING POST in English 11 Sep 85 p 6

[Text] Policy or not, having weaponry in New Zealand was not negotiable, "but there is a need to respect the United States position that it will neither confirm nor deny the presence of nuclear weaponry aboard its vessels -- we are not going to confront that," the Prime Minister, Mr Lange, told Parliament last night.

"We don't say for one moment that the United States should surrender its principle of neither confirming nor denying. I think it would be ludicrous to suggest that, but at the same time, New Zealand is not proposing to surrender its principle that it will not have nuclear weaponry here," he said. He made the remarks during debate on the Foreign Affairs appropriation, much of which centred on the ANZUS impasse.

Mr Lange referred to remarks by the Leader of the Opposition, Mr McLay, visiting the United States, as posturings against New Zealand's interests. They were a disgrace, he said, which toadied to right-wing paranoia in that country. "It is a tragedy for New Zealand that there is in that country now a member of the National Party front bench (Mr McLay) that is trying to stir up barriers against New Zealand,

"And I challenge the existing National Party here to call him to order from abroad and get him to keep quiet in the interests of New Zealand," Mr Lange said.

Earlier, acting Opposition Leader Mr Jim Bolger said the Government proposed to satisfy the electorate at home, particularly left-wing elements, at the expense of New Zealand's international standing. "I am fearful that the Labour Government does not intend to look at New Zealand's wider concerns and only intends to look at the narrower concerns of an electorate back here in New Zealand that they want to massage," Mr Bolger said.

If the Government's position was not negotiable, then why was it that the Deputy Prime Minister, Mr Palmer, was going to Washington to discuss the proposed no-nuclear legislation?

Mr Bolger said he was concerned that the proposals being taken by Mr Palmer were not first but before the New Zealand Parliament.

Referring to the so-called "trust me" policy in determining whether vessels were nuclear armed, Mr Bolger invited Mr Lange to trust Parliament by telling it what was being taken to Washington.

Former Prime Minister Sir Robert Muldoon said the anti-nuclear policy was alienating not only the U.S. but the whole of the Western alliance. "His ambassador (Sir Wallace Rowling) will tell him that our friends in Washington, many good friends, have said to him the Labour Party's antics over ANZUS have taken away from us the only card we had to play in helping New Zealand on all kinds of issues," Sir Robert said.

Sir Robert criticised Mr Lange's handling of foreign affairs, saying he made high government policy off the top of his head with quips, jibes and insults. All this was, he said, taken down from press conferences by ambassadors and reported. "In the short space of a few months, he had destroyed years and years of effort of building up friendly relationships that have been of great value to New Zealand, not just in defence but in trade and in every other form of relationship."

Mr Lange later responded by recalling statements by Sir Robert when he was Prime Minister. Sir Robert, he said, had called President Carter a peanut farmer, had said Zimbabwe's Robert Mugabe had come out of the jungle, and said he would make Japan come kicking and screaming into the twentieth century.

LANGE SAYS PALMER'S U.S. TRIP ALREADY SUCCESSFUL

HK170856 Wellington THE EVENING POST in English 13 Sep 85 p 6

[Text] The Prime Minister, Mr Lange, said yesterday [it] would be a "disappointment" if a United States ship visit to a New Zealand port could not be arranged before the end of the next year.

Mr Lange briefed reporters on the visit of Deputy Prime Minister Mr Palmer to Washington next week at his post-caucus press conference yesterday. He was asked to speculate on whether New Zealanders could expect to see an American naval vessel in a New Zealand port by the end of next year. "I'm not going to speculate and I'm not going to predict. But if we don't, we are certainly going to be disappointed," Mr Lange said. He did not elaborate. However, he did say Mr Palmer's visit should not be seen as the high noon of an ongoing ANZUS dialogue between New Zealand and the United States. He said Mr Palmer would be discussing the impact of the Government's proposed anti-nuclear legislation with an impressive array of high-ranking United States officials.

Mr Lange said there was no question of Mr Palmer entering into discussions aimed at reviewing the ANZUS treaty or compromising the New Zealand Government's anti-nuclear policy. "It is perfectly clear from the round of appointments and the time which Mr Palmer will be spending with people that there is a very significant opening-up of the lines of communication," Mr Lange said. He said Mr Palmer's trip was a success before it started, because of the extensive range of appointments that had been lined up.

Asked whether it would be one of the objects of Mr Palmer's trip to get an American ship into New Zealand waters so that ANZUS could become operable again, Mr Lange replied: "That is one of the objects of it, yes."

He described ANZUS as being different from other alliances. "ANZUS can be a commitment among the three countries and it can be activated in the event of a threat to any of the three," he said.

Did he want an American ship visit before the Government's anti-nuclear legislation was in place? "I've got some reservation about that. I think that we need to have the cover of legislation."

Mr Lange said the anti-nuclear legislation could be passed through all its stages before June under the new parliamentary time-table. There would be no dramatic announcement emerging from the talks in Washington, he said. He wanted the discussions there to focus on ANZUS bonds, not on disharmony. "there is far more to the relationship of New Zealand and the United States than ANZUS or the issue of ship visits. It ought to be possible for two friendly countries to respect each other's mandate... There is surely a way to accommodate those interests."

Envoy on Palmer's Talks

HK170848 Wellington THE EVENING POST in English 13 Sep 85 p 6

[Text] The Deputy Prime Minister had a difficult brief in Washington in trying to find a solution to the ANZUS problem, Sir Wallace Rowling said last night.

He told a press conference in Wellington that Mr Palmer would find the Washington political climate "very difficult." "There is an awareness on the part of Mr Palmer and others that this is the case," said Sir Wallace, New Zealand's ambassador in Washington. The U.S. Secretary of State, Mr Shultz, had, he said, been briefed on the anti-nuclear legislative package Mr Palmer would take in an effort to resolve the ship visit problem.

Sir Wallace said Mr Shultz conveyed to him on Friday that the Americans were, however, prepared to enter into meaningful discussions on an unqualified basis with Mr Palmer. "It is a tough brief in the sense that the Administration thus far in the United States has proven to be unbending," Sir Wallace said.

The New Zealand Government worked hard to produce a proposition to enable meaningful discussions within the constraints of its anti-nuclear policy. He said nothing in the legislative package Mr Palmer would take to Washington next week would be allowed to tarnish the fact that New Zealand would remain unequivocally free from nuclear weapons. "That of course, of itself, indicates just how tough the road ahead really will be," Sir Wallace said.

Commenting on the possibility of trade sanctions if a solution to the ship-visit issue could not be found, Sir Wallace said the Administration had meticulously kept matters military and economic apart.

Labour's anti-nuclear policy had, he noted, been in place since the Labour Party's manifesto was published before the last election. "I really fail to understand how the American Administration has harboured some view for a period of time that the New Zealand Government was going to walk away from it," Sir Wallace said. New Zealanders clearly supported the Government's anti-nuclear policy.

"Here we have got a government which is following through an election manifesto commitment which clearly has widespread public support," he said. "That public is informed. It is involved and is actively interested in what is going on. The Government and the public at this end of the situation constantly interact. There is a very clear expression of democracy at work."

Sir Wallace said public opinion in the U.S. was irrelevant.

"At the other end of the situation, public feeling is not relevant. In fact, it is totally irrelevant," he said. "From the discussions... I don't know of any attempt anywhere in the U.S. to assess public opinion... if there is such a thing as public opinion, on the ANZUS question."

Sir Wallace said it would be "a little difficult to stomach" if the U.S. imposed trade sanctions. "There is a perception on both sides of the table... that such is the nature of the relationship that it cannot be left indefinitely in limbo," he said. "I'm fairly certain the Americans for their part would not allow that to happen."

He encountered no personal animosity in the U.S. since New Zealand rejected the visit of USS Buchanan. "While some of the questions, as you would expect at meetings that I have addressed, have been hostile questions, that hostility has never been translated into a personal factor," he said. "It tells me a lot about the relationship between the U.S. and New Zealand when you get down to the people-to-people situation, and you wonder how in fact you could screw it up."

Mr and Mrs. Palmer fly from Auckland for Canada and the United States tonight.

Mr Palmer is due in Washington on Wednesday for five days of talks.

OPPOSITION LEADER MCLAY MEETS WITH WEINBERGER

HK171110 Wellington THE EVENING POST in English 13 Sep 85 p 2

[Text] Washington, Sep 12 -- The United States could not change its position on confirming or denying the presence of nuclear weapons aboard warships, Defence Secretary Caspar Weinberger told New Zealand's Opposition Leader Jim McLay today.

In Washington for talks with senior U.S. officials, Mr McLay said he found Mr Weinberger could be a "very blunt man."

On port access for U.S. warships in New Zealand, Mr McLay said that "Mr Lange himself has accepted that the United States cannot disclose whether or not a particular vessel is carrying nuclear weapons, nor can any nuclear-weapon state." He said the one message that had got through to him in his discussions with Mr Weinberger and other Administration officials was that New Zealand's best support in Washington had come from the Pentagon and the State Department.

"Every time someone has wanted to put a countervailing duty on New Zealand products, or every time a congressman has wanted to pass a law that might restrict New Zealand access to the American markets it's been the State Department and the Pentagon that have gone to those people and said 'don't do things that damage New Zealand's interests.'

"As one person put it to me this morning ... 'I'm not spending any of my time in Congress now arguing New Zealand's case.' That's simply because they can't say that New Zealand is a safe, same, solid ally of the United States," said Mr McLay. "With the best will in the world, that argument isn't available," he said. "And that, in the longterm, can be very damaging to our interests."

Mr McLay said the administration had been saying it did not want trade sanctions, and he accepted that. "But they don't control trade. The Congress does and it's there a protectionist law could be passed. What we in New Zealand may not fully appreciate at our distance is the very strong protectionist sentiment that is developing in the United States Congress."

Mr McLay said he had been assured by senators and members of the House of Representatives who will strongly oppose general protectionist legislation that some of it will be passed. He said they had told him even if President Reagan tried to veto protectionist legislation that veto would be overridden. "Now, at that stage, New Zealand, as an agricultural exporting nation has a lot to worry about. Indeed, I was given that message very bluntly even by very friendly congressmen," said Mr McLay. He also said he had also met a group of people "who would be best described as the Democratic Party foreign policy establishment." "They made it very clear to me that even though many of them were sympathetic to what the Labour Party is trying to achieve that even a Democratic president would have treated us in the same way on this issue as a Republican administration."

DEFENSE CONCLUDES CASE IN AQUINO MURDER TRIAL

HK180501 Hong Kong AFP in English 0254 GMT 18 Sep 85

[Text] Manila, Sept 18 (AFP) -- The verdict in the Benigno Aquino murder trial may be handed down late this year or in early 1986, a court official said today as the defense ended its presentation of witnesses and prepared to rest its case. The trial of Armed Forces chief General Fabian Ver and 25 others for the murder of President Ferdinand Marcos's political rival began last February 22.

A ranking court official who asked not to be named told AGENCE FRANCE-PRESSE that if prosecutors decide not to present additional witnesses next week, the verdict must be issued within four months, following normal judicial processes. The period includes 30 days for the prosecution and defense to present their memoranda formally stating their stands, and 90 days for the court to come up with a decision after both parties submit their memoranda, the official said.

The defense was scheduled to present at least one more witness today but military counsel Norberto Furagganan told the court that after assessing their evidence so far, "we decided against the presentation of any more witness." Prosecutors contended that the opposition leader was shot dead by a soldier at Manila Airport on August 21, 1983 as part of a top-level military conspiracy. Mr Aquino was then returning from three years of self-imposed exile. The defense says Mr Aquino was shot by a communist hitman who was quickly slain by troopers. All the accused are simultaneously on trial for the murder of the purported communist assassin, gangster Rolando Galman, whom prosecutors call a scapegoat. The defense presented some 40 witnesses since its turn to give evidence began in July. The prosecution earlier presented 57 witnesses.

The trial court gave the defense until Friday to offer its list of evidence. The defense can formally rest its case only after the tribunal rules on the admissibility of each item of evidence, and the ruling as expected next week. The prosecution may start presenting additional evidence on September 26. Prosecutor Leonardo Tamayo, asked if any rebuttal witnesses would be presented, told reporters: "We will assess their (the defense) evidence. Assuming that there are no rebuttal witnesses and the 30-day deadline for the memoranda of both sides falls at the end of October, the 90-day limit for the verdict would extend from early November to late January 1986.

Gen Ver, 65, a longtime associate of President Marcos, is confident of acquittal, especially after the Supreme Court last month sustained the trial court's controversial decision to throw out the main evidence against him and seven others charged as accessories. The evidence consists of his testimony to a citizens' probe board which later said he tried to cover up the crime by lying to the panel. The Supreme Court said Gen Ver was protected by the right against self-incrimination.

RAMOS DISCUSSES SECURITY AT U.S. BASES

HK170504 Manila METRO MANILA TIMES in English 15 Sep 85 pp 1, 5

[By Arnold Atadero]

[Text] Lt. Gen. Fidel V. Ramos, acting AFP [Armed Forces of the Philippines] chief of staff, yesterday said security at U.S. military bases in the country was "more than adequate" contrary to findings of U.S. Senate investigators who inspected the bases for nine days last month.

Reacting to the U.S. Senate probers' claim, Ramos said the findings "were erroneous," in effect saying that the Philippine Armed Forces can very well protect U.S. servicemen from the NPAs. To prove his point, the acting AFP chief cited specific figures showing an elaborate network of roving patrols that secure the two U.S. military bases round the clock.

About 700 AFP troops are involved in securing Clark Air Base (CAB) and about 400 others are assigned for the purpose to the Subic Naval base in Olongapo City. These troops are highly-trained, Ramos stressed. In addition, Ramos said various other law enforcement agencies conduct continuous patrols outside the security perimeter of the bases.

He said supporting the AFP troops at Clark Air Base were the Angeles Metrodiscom [Metropolitan District Command] Pampanga PC [Philippine Constabulary] command, Philippine Air Force (PAF) security unit and 5th Army Infantry Division. At Subic, he said, the AFP troops were supported by Task Force Mt. Samat, Olongapo Metrodiscom, Zambales PC command, 8th Philippine Marines Battalion and Bataan PC command. Ramos further said to keep the AFP troops tasked with providing security for the bases in top shape condition exercises were conducted jointly with U.S. troops. The latest of these exercises was held last June.

In addition Ramos said the AFP and the U.S. freely exchanged intelligence information to forestall sabotage, especially on the fuel lines between Clark and Subic which would be vulnerable to attack if security had been lax as claimed by the U.S. probers. On the bases' perimeter fences and their reported destruction, Ramos said the AFP was not required to maintain them. Nevertheless, he said, the AFP made sure that the gaps were more than adequately covered by troops patrolling the perimeter on a 24-hour basis.

In answer to claims that New People's Army (NPA) guerrillas were found camping inside the security perimeter of Subic Bay Naval Base, Ramos said "there never was such an occasion." He said "subversives operate in Pampanga and Zambales but away from the physical presence of AFP troops."

The report was prepared for Senator Jim Sasser, Democrat from Tennessee, by the U.S. Senate probers. The report claimed that both Clark and Subic were poorly maintained and vulnerable to terrorist attacks. The report estimated that the number of NPA had tripled in the past two years and may now have up to 18,000 fighters.

It said U.S. Marine patrols, which discovered the camping guerrillas, had been sent into the outer perimeter of Subic "to compensate for lax Philippine military protection" and warned that a "confrontation between U.S. forces and NPA guerrillas was an increasing possibility." It also said both Subic and Clark appeared to be vulnerable to attacks should the NPA shift tactics and begin to target U.S. bases.

RAMOS DENIES REPORT OF JUNTA LEADERSHIP

HK180624 Manila PHILIPPINES DAILY EXPRESS in English 17 Sep 85 p 2

[Text] Lt. Gen. Fidel V. Ramos, acting AFP [Armed Forces of the Philippines] chief of staff, yesterday said that an article published in the United States claiming that he is being groomed as the leader of a new civilian-military junta is "grossly inaccurate and devoid of truth." Ramos was reacting to an article, "Plotting the Fall of an American Ally," written by Linda de Hoyos in the Aug 16, 1985, issue of the EXECUTIVE INTELLIGENCE REVIEW, which said "(Ambassador Stephen) Bosworth now meets up to two hours every day with acting Chief of Staff Lt. Gen. Fidel Ramos, a West Point graduate whom the United States is attempting to groom as a leader of a new civilian-military junta, despite his loyalty to President Marcos."

Ramos said: "How can I meet with Ambassador Bosworth up to two hours every day when my association with him is limited to occasional courtesy calls, social functions, and briefings related to the visits of U.S. officials and dignitaries

accompanied by the ambassador? The allegation that I have two hours daily meeting with him is simply not true. My meetings with him always are open and in the presence of other Philippine officials and are scheduled in advance."

Ramos also wrote that regardless of his having graduated from the U.S. Military Academy as a Filipino pensionado [recipient of a stipend for education in the United States, usually from the U.S. Government], he had "always been and always will be a Filipino by birth, thought, deeds and aspiration."

NPA SPOKESMAN DISCUSSES URBAN STRATEGY

HK170408 Hong Kong AFP in English 0350 GMT 17 Sep 85

[By Joel Paredes]

[Text] Manila, Sept 17 (AFP) -- A full-blown communist insurgency in the Philippines is taking a new twist that departs sharply from the Maoist model after which it was seemingly patterned. "While the strategic principle of surrounding the cities through the countryside still remains our guerrilla strategy, we have to expand to the cities," a communist New People's Army (NPA) spokesman told AGENCE FRANCE-PRESSE.

The spokesman said the NPA has reached the stage where it could launch a campaign in the urban areas, having succeeded in establishing 59 guerrilla fronts in 63 of the country's 73 provinces. Unlike China with its vast countryside distinct from its cities, the NPA operates in an archipelago where it is forced to decentralize into regional commands, he said. Today, it boasts of 12,000 full-time guerrillas and 18,000 militiamen.

Without a standing army to criss-cross the islands, the NPA has reportedly reached a crucial stage where it can now intensify guerrilla warfare in the cities and plains. The NPA spokesman said the guerrillas have killed 6,000 soldiers and government men in the past three years, 40 percent of them on the southern Philippine island of Mindanao. The NPA claims to have suffered 800 casualties during the same period. It says it has launched an average of 10 or 11 offensives each week since last year, compared to two or three drives weekly in 1982 when President Ferdinand Marcos branded the NPA a serious threat to national security.

Armed Forces spokesman Colonel Reynaldo San Gabriel admitted that the NPA had killed 341 soldiers, 274 government militiamen and 99 policemen this year. But Col. San Gabriel said 1,555 NPA guerrillas were among the 3,046 casualties in insurgency-related incidents the military documented this year. It said that the insurgents had killed or wounded 1,200 government troops, while more than 100 NPA members were killed.

The developments testify to how the NPA, a rag-tag band of 35 men and less than a hundred rifles when it was founded in 1969, has progressed with an indigenous style of guerrilla warfare adapted to the archipelagic character of the Philippines.

The NPA says it is gaining by "leaps and bounds," but the spokesman said the Communist Party Military Commission recently held a conference and still considered the government forces as "superior." "We still cannot crush the dictatorship," he said. The NPA, however, has forecast a standoff with the 200,000-strong Armed Forces of the Philippines in three to five years.

Drawing recruits from a cross-section of Filipino society, the Communist Party continues to stress the Chinese dictum of "countryside struggle." But the NPA has been stepping up operations deep in the cities and has set its sights on Metro Manila -- the seat of Mr Marcos's political power and the center of the country's economy.

COALITION PRESSES FOR U.S. STATEHOOD PLAN

HK170951 Manila BULLETIN TODAY in English 16 Sep 85 p 12

[Text] Four organizations that have formed a coalition said yesterday they will oppose a United States court suit which seeks to restore the status of Filipinos as U.S. nationals. The Lapiang Manggagawa (LM) Workers' Party, the Philippine Statehood Usa Movement (Psusam), the Isang Bansa Isang Diwa [one nation, one spirit] Movement and the MNLFP Commander Returnees Executive Council formed the National Coalition for Philippine Sovereignty (NCPS) to press for their own statehood move.

The proponents of the U.S. nationalization suit are overseas Filipino-Americans led by immigration lawyer Ely Velez Pamatong who has filed a court suit in California to compel the U.S. Government to acknowledge the right of Filipinos born on or before July 4, 1946 to retain their U.S. nationality. Pamatong has also escalated his crusade to the American Congress by submitting a draft bill to Sen. Edward M. Kennedy for filing and appropriate congressional action, and brought the case to the United Nations.

The statehood movement, although it is for making Filipinos American citizens first through a national plebiscite and subsequently by a U.S. congressional act, does not favor U.S. nationalization for Filipinos. "U.S. nationalization may cause Filipinos to lose their political rights to, among other things, decide on legislation that may affect their economic interest and destiny," said Ted Saniel, the movement's director-general. "As U.S. nationals as proposed by Pamatong, Filipinos would become mere second-class American citizens in their own land. Fullfledged American citizens would enjoy far greater economic advantages than they perhaps ever had with parity rights, if the suit claiming U.S. nationalization for Filipinos is unopposed and prospers."

Former MNLFP Commander Meno M. Manabilang, a great grandson of Amai Manabilang who had been appointed by the American government as third board member of Mindanao and Sulu from 1898 to 1905, is a proponent of the movement to federate Mindanao and Sulu as a state of America, like his great grandfather.

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